

Latin American countries join the US and UK amongst the highest performers in a new 'Index on Digital Life'

*Jonny Shipp, Public Affairs Director at Telefónica S.A. and Visiting Fellow at LSE, explores the initial findings from the recently published **Index on Digital Life**, and examines which countries are performing well – and those that still have work to do.*

We live in a time of huge social and economic change, driven by digitalisation. It is vital that this change, and the factors that are driving it, are better understood. A better understanding of digitalisation should enable people to shape their lives in positive ways, for example by putting people in control of their own data and digital experiences, enabling communities to become producers as well as consumers of technology, and by removing obstacles to device interoperability. An expert team led by Professor Erkki Autio of Imperial College London, together with Telefónica, has created an '**Index on Digital Life**', the first index of its kind to be published.

The Index ranks 34 countries on the quality of their digital life based on 53 key performance indicators from 17 different sources, including the International Telecommunication Union (ITU), the World Bank, the World Economic Forum and the United Nations. Significantly, it moves away from the usual focus on infrastructure when measuring the digital economy, the existing literature around which tends to evaluate the links between telephone and broadband infrastructure development and economic development. Additionally, there are some existing indices that are also built on this approach, for example from the **World Bank**, the **University of Illinois**, **ICTlogy** and the **Indian Government**. Yet infrastructure alone is static and sterile if people lack the capacity to use it to actually improve their everyday life.

The Index on Digital Life therefore focuses on three key dimensions of a country's capacity to embrace and improve the lives of its citizens:

1. Digital Confidence: how readily and confidently individuals and organisations engage with the country's digital infrastructure;
2. Digital Openness: how well a country's digital infrastructure facilitates open access to information; and
3. Digital Entrepreneurship: how readily citizens and organisations leverage the digital infrastructure, for example to improve services like transport, health or education provision.

The study seeks to add to our understanding of how the process of digitalisation, the embedding of digital technologies in everyday life, leads to social and economic outcomes such as more sustainable energy use, better health care and disease control, more efficient transport systems, wider access to education, or participation in creative, cultural, political and community activities.

The capacity of countries to embrace digital life varies considerably across the world. The best performing countries (USA, Canada, Australia and the UK) score twice that of the lowest performer, Nicaragua, suggesting considerable differences in countries' ability to realise the potential benefits of digitalisation.

Country performance in the index correlates strongly with wealth (GDP per capita), reflecting the greater resources that richer countries can bring to bear. Yet this correlation is not automatic: Columbia, Chile and the UK can be said to 'over-perform' in Digital Life relative to their wealth. Others, including Saudi Arabia and Italy (which appear in positions 13 and 17 respectively in the ranking of performance relative to GDP per capita), may not be harnessing their resources as efficiently as they might, and so appear to 'under-perform' in this index relative to their wealth. Some countries are more effective while some are less effective at shaping better lives for their citizens through digitalisation.

Of the 34 countries covered, Italy and France are among the worst under-performers on **Digital Confidence** (Digital Adoption, Privacy and Security). On the other hand, Australia, the UK and Colombia over-perform in this dimension. People in these countries are using digital services much more and appear to face fewer privacy and security issues than other countries included in the index.

The **Openness** dimension considers the structure of the market for internet services, the diversity of operating systems and available search engines, and the extent of the adoption of e-government and online platforms in schools and higher education. Over-performers in these areas here also include Colombia and the UK, with Canada the strongest over-performer. Yet in Spain, Germany and Italy, as in Venezuela, Guatemala and Peru, it appears that policies to encourage diversity and openness in technology platforms may be falling short.

The third dimension of the index is **Entrepreneurship**. Chile, Israel, Columbia, India and Canada are the strongest performers relative to GDP per capita. How might this lead to better digital lives? High-growth technology industries have in recent years transformed Finland, Estonia, Singapore, South Korea, Malaysia and Israel, showing that it is possible that the capacity for technology innovation in middle-income and developing countries can bring about wider economic and social benefits.

Overall, although the wealthiest countries often exhibit the best digital prowess, the global picture is much more nuanced. Two Latin American countries, Columbia and Chile, join the UK, Australia, the US and Canada in over-performing in this index, relative to their GDP per capita. But what does the digital ecosystem in these countries have in common? Are people there generally leading 'better' lives through digitalisation, and if so what does that mean? The Index is a rich starting point for further research and debate. I am among the researchers who plan to take these country-level indicators as a starting point for more contextualised research, in order to develop case studies that illustrate and explain different experiences of digitalisation.

Telefónica's Index on Digital Life is the first, quantified assessment of the multi-faceted nature of digital life in different parts of the world. It is not about numbers alone, nor is it a simple ranking mechanism, a prescription or a final word. Instead, it is an attempt at a global, holistic, quantified measure of Digital Life. It seeks to open up and inspire new conversations and debate about digitalisation and how the process can be shaped to ensure positive outcomes for people, wherever they are in the world.

This blog gives the views of the author and does not represent the position of the LSE Media Policy Project blog, nor of the London School of Economics and Political Science.

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